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**UNITED STATES DISTRICT COURT**  
**CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

ANCHOR HOLDINGS LIMITED, an  
English Limited Company,

Plaintiff,

v.

UPPER EAST SIDE SUITES LLC, a  
Delaware Limited Liability Company,  
BENEDETTO CICO, an individual,  
and CARLA CICO, an individual.

Defendants.

**CASE NO.**

**COMPLAINT FOR DAMAGES  
AND OTHER RELIEF BASED ON  
CLAIMS FOR:**

**(1) DISSOLUTION**

**(2) APPOINTMENT OF A  
TEMPORARY RECEIVER OR  
LIQUIDATING TRUSTEE**

**(3) EQUITABLE ACCOUNTING**

**(4) BREACH OF CONTRACT**

**(5) BREACH OF FIDUCIARY  
DUTY**

**(6) UNJUST ENRICHMENT**

**DEMAND FOR JURY TRIAL**

1 Plaintiff Anchor International Holdings Limited (“Anchor”) for its Complaint  
2 against Defendants Benedetto Cico and Carla Cico (collectively, the “Individual  
3 Defendants”) and Upper East Side Suites, LLC (“Upper East Side”) (together with  
4 the Individual Defendants, the “Defendants”), allege as follows:

5 **NATURE OF THE CASE**

6 1. This action arises out of the Defendants misappropriation, misuse and  
7 inequitable retention of Anchor’s \$250,000.00 investment in Upper East Side in  
8 light of the self-dealing and conflicts of interest presented by the Individual  
9 Defendants illegal activity in furtherance of a separately own business,  
10 USABOUND. The Individual Defendants, Co-Managers of Upper East Side,  
11 grossly mismanaged the business of Upper East Side and breached fiduciary duties  
12 which, upon information and belief, caused substantial diminution in value of  
13 Anchor’s investment and Membership Interest in Upper East Side.

14 2. Upper East Side was formed to acquire, hold, manage, operate, finance,  
15 develop, maintain, and sell a specific property in New York City, located at 44-46  
16 East End Avenue, New York, New York 10028 (the “Property”), and for no other  
17 purpose. Upper East Side’s Operating Agreement (the “Operating Agreement”)  
18 limits the business purposes of Upper East Side to acquisition, management, and  
19 sale of the Property.

20 3. Defendants solicited investments from entities throughout the world in  
21 an effort to acquire the Property. Defendant solicited Anchor, and Anchor invested  
22 \$250,000.00 in exchange for a 1/15th, or 6.67% Class A membership interest in  
23 Upper East Side (Anchor’s “Membership Interest”).

24 4. Following Anchor’s investment and acquisition of membership interest  
25 in Upper East Side, Defendants failed or refused to keep Anchor apprised of the  
26 progress of the business and the value of Anchor’s Membership Interest, despite  
27 being required to do so by contractual and fiduciary obligations. It was not until  
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1 May 2015 that Anchor learned of the illegal conduct and gross mismanagement of  
2 Upper East Side by the Defendants.

3 5. The Individual Defendants own a separate company, USABOUND,  
4 which provides travel-related services for European clients. The Individual  
5 Defendants, in their individual capacities and on behalf of Upper East Side, used the  
6 Property to make short-term rentals (less than one month) to their USABOUND  
7 customers.

8 6. In 2011, Upper East Side was cited by the City of New York  
9 Environmental Control Board for violations of law relating to short-term rentals of  
10 residential property. Defendants never informed Anchor of these proceedings, or  
11 their outcome. Upon information and belief, Defendants took no action to resist  
12 these violations, or correct their conduct, to the detriment of Anchor's investment  
13 and Membership Interest.

14 7. Despite learning that this activity was illegal in 2011, the Individual  
15 Defendants, at all times and to the detriment of Anchor's investment and  
16 Membership Interest, continued the illegal solicitation of short-term rentals to  
17 clients of USABOUND. This continued illegal activity benefited USABOUND and  
18 the Individual Defendants, to the detriment of Anchor's investment and Membership  
19 Interest in Upper East Side.

20 8. Further, Defendants conducted a number of activities without consent  
21 of Anchor, and upon information and belief, the remaining Upper East Side  
22 Members, in violation of the Operating Agreement. This includes, but is not limited  
23 to, a number of self-interested transactions with USABOUND and the dilution of  
24 Anchor's Membership Interest by the unauthorized admission of additional  
25 Members to Upper East Side.

26 9. In 2013, Defendants' continued illegal conduct and self-interested  
27 transactions with USABOUND caused Upper East Side's lenders to demand full  
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1 payment of the outstanding balance of Upper East Side's loans for breaches of the  
2 loan agreement relating to violations of law.

3 10. Defendants subsequently sold the Property— the sole purpose for which  
4 Upper East Side is authorized to do business – in May of 2013 at a substantial loss  
5 and without notice to or consent from Anchor. Upper East Side should have been  
6 dissolved at this time, as management and sale of the Property was the only limited  
7 business purpose for which it was created. It is unknown what Defendants have  
8 done with the proceeds of this sale.

9 11. Upon information and belief, Defendants have not provided true and  
10 full information relating to Upper East Side's finances so that Anchor may appraise  
11 its current interest in Upper East Side and the value of Upper East Side, Defendants  
12 have refused to provide all of the necessary information demanded by Anchor.

13 12. By this action, Anchor seeks a dissolution of Upper East Side under the  
14 Operating Agreement and the Delaware Limited Liability Company Act (the "Act"),  
15 appointment of a temporary receiver/liquidating trustee for the protection of the  
16 assets of Upper East Side and Anchor's membership interest, and for an equitable  
17 accounting of Upper East Side. As the Defendants' business tactics have been  
18 exposed as illegal, and the Property has been sold, it is no longer reasonable to carry  
19 on the limited business purpose of Upper East Side – the acquisition, management,  
20 and sale of the Property. Further, Anchor seeks redress for Defendants' breaches of  
21 the Operating Agreement and for other bad faith conduct and breaches of fiduciary  
22 duties relating to their conflicts of interest, including full restitution of Anchor's  
23 investment of \$250,000.00. Defendants' conflicts of interests, illegal activity, and  
24 gross mismanagement have caused substantial injury to Anchor's investment in  
25 Upper East Side.

26 **THE PARTIES**

27 13. Defendant Upper East Side Suites, LLC is a limited liability company  
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1 organized under the laws of the State of Delaware with a nominal principal office at  
 2 201 Stuyvesant Drive, San Anselmo, CA 94960. The purpose of Upper East Side is  
 3 to acquire, hold, manage, operate, finance, develop, maintain and sell the real  
 4 property and personal property related to 44-46 East End Avenue, New York, New  
 5 York (the "Property").

6 14. Defendant Benedetto Cico is a resident of California, residing at 201  
 7 Stuyvesant Drive, San Anselmo, CA 94960. Benedetto Cico is a Class B Member  
 8 and Manager of Upper East Side.

9 15. Defendant Carla Cico is a resident of the country of Italy, residing at  
 10 Strada Castellana, 30/a, 37128 Verona, Italy. Carla Cico is a Class B Member and  
 11 Manager of Upper East Side. Ms. Cico regularly conduct business in California and  
 12 throughout the United States through USABOUND and her co-management of  
 13 Upper East Side with her brother, Benedetto Cico.

14 16. Plaintiff Anchor is an English Limited Company with offices at 24  
 15 Bedford Row London WC1R 4TQ, UK. Anchor is a Class A Member of Upper  
 16 East Side.

### 17 **JURISDICTION AND VENUE**

18 17. This Court has diversity jurisdiction over this matter pursuant to 28  
 19 U.S.C. § 1332(a). The amount in controversy in this action exceeds \$75,000, and is  
 20 between citizens of different states and countries.

21 18. Venue is proper in this district under 28 U.S.C. § 1391(b)(3) because  
 22 no substantial part of the events or omissions giving rise to the claim occurred in  
 23 any particular judicial district where Defendants are subject to personal jurisdiction  
 24 and Defendants are subject to personal jurisdiction in this District. Defendants  
 25 solicited investors throughout the world to invest in Upper East Side, entered into  
 26 conflicting and self-dealing transactions in foreign countries with their separate  
 27 corporation, USABOUND, and caused injury to Anchor and other Members of  
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1 Upper East Side outside of the United States. Defendants are subject to personal  
 2 jurisdiction in this District by virtue of Upper East Side's nominal principal place of  
 3 business in California, the Individual Defendants' Co-Management of Upper East  
 4 Side, and Benedetto Cico's residency in California.

### 5 **GENERAL ALLEGATIONS**

#### 6 **A. Defendants' Formation of Upper East Side for the Limited Purpose of** 7 **Management and Sale of the Property and Solicitation of Investments**

8 19. In or about July of 2007, Anchor was provided with an Executive  
 9 Summary for an investment opportunity in Upper East Side, a newly-formed  
 10 Delaware limited liability company.

11 20. The Executive Summary stated that Upper East Side was formed with  
 12 the intention to acquire a five story residential building in New York City (the  
 13 "Property" as defined above), with plans to rent the units in that building for short-  
 14 term accommodations for leisure and corporate travelers from key international  
 15 markets such as Italy, France, Spain and Scandinavia. The end goal, as stated in the  
 16 Executive Summary, was to increase monthly revenues and to increase the value of  
 17 the property in the medium to long term.

18 21. Defendants used their international business contacts to solicit investors  
 19 from around the world. Through capital contributions from those investors, and an  
 20 unknown number of loans, Upper East Side purchased the Property in December  
 21 2007.

22 22. Defendants Benedetto Cico and Carla Cico are Co-Managers and Class  
 23 B Members of Upper East Side and each, individually, have a 7.5% membership  
 24 interest in Upper East Side. Together, as Class B Members, Defendants Benedetto  
 25 Cico and Carla Cico have a 15% membership interest in Upper East Side.

26 23. In or about January of 2008, Anchor invested \$250,000.00 in Upper  
 27 East Side, and was granted rights as a Class A Member. Defendants represented  
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1 that Anchor's Membership Interest was 1/15th, or 6.67%, of Upper East Side.

2 24. Anchor was thereafter provided with a copy of the Upper East Side  
3 Operating Agreement. The Operating Agreement sets forth a number of terms  
4 regarding the purpose of Upper East Side, as well as the rights, obligations, and  
5 duties of the Managers and various Members of Upper East Side.

6 **B. The Upper East Side Operating Agreement**

7 25. Pursuant to Section 1.2 of the Operating Agreement, Upper East Side  
8 was authorized to acquire, hold, manage, operate, finance, develop, maintain, and  
9 sell the Property – no other business purpose was authorized.

10 26. Pursuant to Section 4.1 of the Operating Agreement, Defendants  
11 Benedetto Cico and Carla Cico were required to make periodic distributions, not  
12 less often than once per year, of any cash available to the Members. Class A  
13 Members, such as Anchor, are entitled to priority in distributions over Class B  
14 Members, such as Benedetto Cico and Carla Cico.

15 27. Pursuant to Section 5.2 of the Operating Agreement, Defendants  
16 Benedetto Cico and Carla Cico are prohibited from encumbering, or approving or  
17 consenting to the encumbering of, any assets of the Company for anything other  
18 than a Company purpose without approval of Upper East Side's Members.

19 28. Pursuant to Section 5.2 of the Operating Agreement, Defendants  
20 Benedetto Cico and Carla Cico are prohibited from doing, approving or consenting  
21 to any act in contravention of the Operating Agreement without approval of Upper  
22 East Side's Members.

23 29. Pursuant to Section 5.2 of the Operating Agreement, Defendants  
24 Benedetto Cico and Carla Cico are prohibited from doing, approving or consenting  
25 to any act which would make it impossible for the Company to carry on the ordinary  
26 business of the Company without approval of Upper East Side's Members.

27 30. Pursuant to Section 5.5 of the Operating Agreement, Defendants  
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1 Benedetto Cico and Carla Cico are prohibited from admitting additional Members to  
2 Upper East Side without the approval of Upper East Side's existing Members.

3 31. Pursuant to Section 5.5 of the Operating Agreement, Defendants  
4 Benedetto Cico and Carla Cico are prohibited from approving any transaction  
5 between themselves and any of their Affiliates, including their travel company  
6 USABOUND, without the approval of Upper East Side's Members.

7 32. Pursuant to Section 5.12 of the Operating Agreement, Defendants  
8 Benedetto Cico and Carla Cico have the fiduciary responsibility for the safekeeping  
9 and use of all funds, property and assets of Upper East Side. Pursuant to the  
10 Agreement, the Defendants are prohibited from employing or permitting another to  
11 employ such funds, property or assets in any manner except for the benefit of Upper  
12 East Side.

13 33. As Class B Members, Defendants Benedetto and Carla Cico are  
14 required to give full and complete information of any material nature regarding legal  
15 process or papers concerning the business of the Company pursuant to Sections 5.13  
16 and 5.20 of the Operating Agreement.

17 34. Pursuant to Section 6.1 of the Operating Agreement, the Managers are  
18 responsible for maintaining Upper East Side's books and records at Upper East  
19 Side's principal place of business, which is located at 201 Stuyvesant Drive, San  
20 Anselmo, California 94960. All members have the right to access, inspect and copy  
21 the books and records of Upper East Side.

22 35. Pursuant to Section 6.2 of the Operating Agreement, Upper East Side,  
23 at any Member's request must deliver to that Member Upper East Side's financial  
24 statements for the prior fiscal year within 90 days after the end of each fiscal year.  
25 Upper East Side's fiscal year ends on December 31<sup>st</sup>. Upper East Side is also  
26 obligated to deliver to every Member all tax information needed for that Member to  
27 prepare its federal income tax return within 90 days after the end of the fiscal year.  
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1        36. Pursuant to Section 6.3 of the Operating Agreement, before filing any  
2 tax return, Upper East Side must notify each Member that the return is ready to be  
3 filed and must give each Member the opportunity to review the proposed return.  
4 Upper East Side must provide a copy of the filed tax return to each of the Members.

5        37. Pursuant to Section 6.9 of the Operating Agreement, all leases, deeds,  
6 contracts, title matters, surveys, records and financial information relating to the  
7 ownership and development of the Property must be maintained by the Managers  
8 and accessible to all Members.

9        38. Pursuant to Section 8.1 of the Operating Agreement, Upper East Side  
10 must be dissolved upon the occurrence of any event which makes it unlawful for the  
11 business of Upper East Side to be carried on.

12        39. Pursuant to Section 8.1 of the Operating Agreement, Upper East Side  
13 must be dissolved upon a sale of the Property.

14 **C. Defendants Fail to Provide Anchor With Information or Distributions**

15        40. Following Anchor's acquisition of its Membership Interest in Upper  
16 East Side, Defendants did not provide information about the progress of Upper East  
17 Side's business, any appreciation or depreciation of Anchor's Membership Interest,  
18 or important decisions regarding Upper East Side's business in contravention of the  
19 Operating Agreement and fiduciary obligations.

20        41. Defendants also have failed to deliver true and full financial statements  
21 or tax information. Moreover, in each year that Upper East Side operated, the  
22 Defendants did not notify Anchor that Upper East Side's tax return was ready to be  
23 filed and did not provide Anchor with the opportunity to review the prepared returns  
24 in contravention of the Operating Agreement and fiduciary obligations..

25        42. Upon information and belief, following Anchor's acquisition of its  
26 Membership Interest in Upper East Side, Defendants did not seek the approval of  
27 Anchor for a number of events that require the approval of Upper East Side's  
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1 Members – including entering into self-interested business transactions with  
2 USABOUND and admitting additional Members to Upper East Side which diluted  
3 Anchor's Membership Interest.

4 43. Anchor never received any distribution or profits from its investment  
5 and Membership Interest in Upper East Side. Upon information and belief, cash  
6 was available for distribution, but rather than distributing to Class A Members,  
7 Defendants Benedetto Cico and Carla Cico used those funds to benefit their separate  
8 business, USABOUND.

9 44. It was not until May 2015 that Anchor learned of the troubling  
10 developments within Upper East Side relating to Defendants' unlawful and self-  
11 interested conduct detrimental to Anchor's Membership Interest.

12 **D. Defendants' Conflicts of Interest, Profits from Short-Term Rentals and**  
13 **Violations of Law**

14 45. Following the acquisition of the Property, Defendants marketed short-  
15 term rentals of residential units in the Property to international travelers throughout  
16 Europe through USABOUND. This was the primary intention of Defendants  
17 Benedetto Cico and Carla Cico, acting individually and on behalf of Upper East  
18 Side, at the time Upper East Side was formed – to solicit investments and create a  
19 vehicle to direct further revenues and clients to USABOUND.

20 46. Short-term rentals of residential units in the Property to European  
21 travelers was highly beneficial to the Defendants and USABOUND. USABOUND  
22 greatly benefited from the availability of the Property as a source for short-term  
23 rentals to its clients, and was able to generate a host of new business for  
24 USABOUND through Defendants Benedetto Cico and Carla Cico's control over the  
25 Property and Upper East Side. Upon information and belief, USABOUND  
26 collected separate fees from travelers in connection with short-term rentals of the  
27 property. In addition, upon information and belief, USABOUND took at least 15%  
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1 of the gross revenue from the Property.

2 47. In short, Defendants operated the Property, a residential building, as a  
3 hotel, allowing clients of USABOUND to “rent” individual units for terms of less  
4 than one month, and in many instances terms of less than one week, for non-  
5 residential purposes. This was primarily for the benefit of USABOUND and the  
6 Individual Defendants, through their collection of fees and revenues which diverted  
7 funds from Upper East Side and its Members. Rather than make distributions to  
8 Upper East Side Members like Anchor and provide returns on the Members’  
9 investments, Defendants benefitted themselves.

10 48. Further, this short-term rental activity continued even when it became  
11 highly detrimental to Upper East Side’s value and the value of Anchor’s  
12 Membership Interest because it continued to benefit Defendants Benedetto Cico and  
13 Carla Cico and their company, USABOUND.

14 49. In 2011, Defendants learned that the short-term rentals arranged  
15 through USABOUND were illegal. Upper East Side was served with notices of  
16 violation by the City of New York Environmental Control Board for the short-term  
17 rentals of residential property by USABOUND.

18 50. Defendants failed to inform Anchor of these legal proceedings, in  
19 contradiction of their fiduciary obligations and the terms of the Operating  
20 Agreement.

21 51. Defendants failed to inform Anchor as to the outcome of these legal  
22 proceedings, in contradiction of their fiduciary obligations and the terms of the  
23 Operating Agreement.

24 52. Defendants failed to inform Anchor that it had become unlawful to  
25 carry on the business of Upper East Side, i.e. short-term rentals of the Property to  
26 European tourists, in contradiction of their fiduciary obligations and the terms of the  
27 Operating Agreement. Defendants failed to dissolve Upper East Side upon learning  
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1 that their business model was illegal.

2 **E. Defendants' Continuation of Conduct Detrimental to Anchor's**  
 3 **Membership Interest, and Sale of the Property**

4 53. Rather than cease all short-term rentals of the Property following notice  
 5 that they were illegal, Defendants continued to organize short-term rentals of the  
 6 Property through their separate company, USABOUND. This is because  
 7 USABOUND depended on short-term rentals to generate money through Upper East  
 8 Side. USABOUND's clients are not long-term residential tenants.

9 54. Due to this continued illegal activity, Upper East Side's lender  
 10 demanded full repayment of Upper East Side's outstanding loan balance, on the  
 11 grounds that the loan agreements prohibited such illegal conduct.

12 55. In or about May of 2013, Defendants sold the Property. Defendants  
 13 failed to inform Anchor or seek Anchor's approval to a sale of the only asset of  
 14 Upper East Side – the Property – in contravention of the Operating Agreement and  
 15 their fiduciary obligations.

16 56. Defendants failed to dissolve and wind up the business upon the sale of  
 17 the Property, despite Upper East Side's business purpose having been limited to  
 18 acquisition, management, and sale of the Property.

19 57. Following the sale, Defendants have not provided an accounting of  
 20 assets and finances of Upper East Side, and have refused to provide full and  
 21 complete responses to Anchor's demands for information.

22 **FIRST CAUSE OF ACTION**

23 (Dissolution of Upper East Side)

24 58. Plaintiffs incorporate by reference the allegations contained in the  
 25 preceding paragraphs, as though set forth fully herein.

26 59. Upper East Side's Operating Agreement provides that the company  
 27 may only operate for the limited purpose of acquiring, managing, and selling the  
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1 Property.

2 60. Defendants sold the Property in May of 2013, without notice or  
3 approval to Anchor.

4 61. There is no business purpose outside of the Property in which Upper  
5 East Side is permitted to operate.

6 62. Defendants have acted, are acting, and/or will continue to act in a  
7 manner that is illegal, fraudulent, and oppressive to Anchor's Membership Interest.

8 63. Accordingly, it is not reasonably practicable to carry on the business of  
9 Upper East Side in conformity with Upper East Side's Operating Agreement.

10 64. The dissolution of Upper East Side will not be injurious to the public,  
11 and the rights of all persons who have dealt with Upper East Side will be unaffected  
12 by such dissolution.

13 65. An orderly dissolution of Upper East Side and liquidation of its assets  
14 should result in the payment of all its debts and creditors.

15 66. There are no provisions in the Upper East Side Operating Agreement  
16 that preclude the relief requested herein.

17 67. By reason of the foregoing, dissolution of Upper East Side is  
18 authorized under the Delaware Limited Liability Company Act § 18-801.

19 **WHEREFORE**, Anchor respectfully requests a judgment dissolving Upper  
20 East Side; as well as costs and reasonable attorneys' fees incurred in prosecuting  
21 this proceeding, interest, as allowed by law; and such other and further relief as the  
22 Court deems just and proper.

23 **SECOND CAUSE OF ACTION**

24 (Appointment of a Temporary Receiver or Liquidating Trustee)

25 68. Plaintiffs incorporate by reference the allegations contained in the  
26 preceding paragraphs, as though set forth fully herein.

27 69. Through knowing violations of law, conflicts of interest, and sale of the  
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1 Property, Defendants have failed to abide by the Operating Agreement and continue  
2 to refuse to provide information necessary to determine the value of Upper East Side  
3 as a going concern.

4 70. Defendants fraudulent acts of self-dealing with USABOUND in  
5 contravention of the Operating Agreement and their fiduciary duties presently cause  
6 real imminent danger of great loss to Anchor and other Members of Upper East  
7 Side.

8 **WHEREFORE** Anchor respectfully requests that the Court appoint an  
9 independent temporary receiver to safeguard the remaining assets of Upper East  
10 Side; as well as costs and reasonable attorneys' fees incurred in prosecuting this  
11 proceeding, interest, as allowed by law; and such other and further relief as the  
12 Court deems just and proper.

13 **THIRD CAUSE OF ACTION**

14 (Equitable Accounting)

15 71. Plaintiffs incorporate by reference the allegations contained in the  
16 preceding paragraphs, as though set forth fully herein.

17 72. Defendants have admitted additional Members to Upper East Side  
18 without the consent of Anchor, and have engaged in self-dealing transactions with  
19 the Defendants Benedetto Cico and Carlo Cico's separate company, USABOUND.  
20 Following the sale of the Property, Defendants have not provided information  
21 relating to the sale and distribution of proceeds therefrom.

22 73. Defendants have refused, despite numerous requests over the course of  
23 several months, to provide documents and information about Upper East Side to  
24 enable Anchor to attempt to evaluate its Membership Interest in Upper East Side.

25 74. Anchor has no adequate remedy at law.

26 75. By reason of the foregoing, Anchor is entitled to an equitable  
27 accounting of the books and records of Upper East Side.  
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1 relating to the business of Upper East Side;

2 h. failing to keep records as required in the Operating Agreement  
3 for access by Members, including Anchor;

4 i. failing to provide Anchor with tax returns in a timely manner;

5 j. failing to provide true and full financial information in a timely  
6 manner.

7 80. As a result of the Defendant's wrongful conduct and omissions, Anchor  
8 has been injured and has suffered damages in an amount to be determined at trial.

9 **WHEREFORE**, Anchor respectfully demands judgment against Defendants  
10 in an amount sufficient to compensate it for damages caused by Defendants' breach  
11 of contract; as well as costs and reasonable attorneys' fees incurred in prosecuting  
12 this proceeding; interest, as allowed by law; and such other and further relief as the  
13 Court deems just and proper.

14 **FIFTH CAUSE OF ACTION**

15 (Breach of Fiduciary Duty –

16 Against Defendants Benedetto Cico and Carla Cico)

17 81. Plaintiffs incorporate by reference the allegations contained in the  
18 preceding paragraphs, as though set forth fully herein.

19 82. Pursuant to Upper East Side's Operating Agreement and Delaware  
20 Law, Benedetto Cico and Carla Cico, as Co-Managers of Upper East Side, owe  
21 Anchor a fiduciary duty.

22 83. Further, Benedetto Cico and Carla Cico owe Anchor a duty to  
23 discharge their duties as managers of Upper East Side in accordance with the good  
24 faith business judgment in the best interests of Upper East Side, and to refrain from  
25 conflicts of interest that adversely affect the business and affairs of SMB.

26 84. Because Benedetto Cico and Carla Cico have conflicts of interest in  
27 that they own a separate company, USABOUND, which benefited greatly from  
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1 transactions which ultimately led to the sale of the Property and significant  
 2 diminution of the value of Upper East Side and Anchor's Membership Interest  
 3 therein, Benedetto Cico and Carla Cico are not entitled to the protections of the  
 4 business judgment rule.

5 85. Benedetto Cico and Carla Cico have not acted in good faith with  
 6 respect to the conduct of the business and affairs of Upper East Side, and are  
 7 therefore liable and accountable to Anchor as a Member of Upper East Side for their  
 8 bad faith conduct set forth above.

9 86. In the alternative, even if Benedetto Cico and Carla Cico acted in good  
 10 faith with respect to the conduct of the business and affairs of Upper East Side, they  
 11 are nevertheless liable to Anchor as a Member of Upper East Side for their reckless  
 12 misconduct, gross negligence, and breach of fiduciary duty as alleged above.

13 87. As a direct and proximate result of Benedetto Cico and Carla Cico's  
 14 wrongful conduct and omissions, Anchor has been injured and has suffered damages  
 15 in an amount to be determined at trial.

16 ***WHEREFORE***, Anchor respectfully demands judgment against Benedetto  
 17 Cico and Carla Cico, jointly and severally, in an amount sufficient to compensate it  
 18 for the damages proximately caused by the Benedetto Cico and Carla Cico's breach  
 19 of fiduciary duty; as well as costs and reasonable attorneys' fees incurred in  
 20 prosecuting this proceeding, interest, as allowed by law; and such other and further  
 21 relief as the Court deems just and proper.

## 22 **SIXTH CAUSE OF ACTION**

23 (Unjust Enrichment)

24 88. Plaintiffs incorporate by reference the allegations contained in the  
 25 preceding paragraphs, as though set forth fully herein.

26 89. Based upon the foregoing described conduct, Defendants have been  
 27 unjustly enriched by retaining Anchor's \$250,000.00 investment in Upper East Side.  
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1           90. Retention under these circumstances is unjust and inequitable because  
 2 Defendants never intended to manage Anchor's investment in Upper East Side as a  
 3 legitimate business venture – rather they sought to use Anchor's \$250,000.00  
 4 investment for the sole purpose of benefitting their separate company,  
 5 USABOUND, through illegal conduct.

6           91. Anchor has conferred a benefit upon Defendants by investing  
 7 \$250,000.00 in Upper East Side.

8           92. Defendants have been unjustly enriched in retaining the revenues  
 9 derived from Anchor's investment in Upper East Side. Because Defendants'  
 10 retention of the non-gratuitous benefit conferred on it by Anchor is unjust and  
 11 inequitable, Defendant must pay restitution to Anchor, as ordered by the Court.

12           ***WHEREFORE***, Anchor respectfully demands judgment against Defendants  
 13 ordering restitution and disgorgement of Anchor's \$250,000.00 investment in Upper  
 14 East Side; as well as costs and reasonable attorneys' fees incurred in prosecuting  
 15 this proceeding, interest, as allowed by law; and such other and further relief as the  
 16 Court deems just and proper.

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 19 DATED: July 17, 2015

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 21 James B. Saylor (*pro hac vice* forthcoming)

22  
 23 By //s// Richard F. DeLossa

24 Attorneys for Anchor Holdings, Ltd.  
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**DEMAND FOR TRIAL BY JURY**

Plaintiff Anchor International Holdings, Ltd. hereby demands a trial by jury on all issues triable by jury.

DATED: July 17, 2015

KELLEY DRYE & WARREN LLP

Richard DeLossa (STATE BAR NO. 245181)  
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By //s// Richard F. DeLossa

Attorneys for Anchor Holdings, Ltd.